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## CURRENT SUPPORT BRIEF

SINO-SOVIET BLOC PURCHASES OF NATURAL RUBBER IN 1961

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SINO-SOVIET BLOC PURCHASES OF NATURAL RUBBER IN 1961

Bloc imports of natural rubber increased about 20 percent in 1961 to roughly 500,000 metric tons. A significant curtailment in Communist China's rubber buying was more than offset by a sharp rise in imports by the USSR. Economic, as opposed to political or military, considerations probably were responsible for these diverse trends.

Soviet imports probably amounted to at least 320,000 tons in 1961--150,000 tons above the 1960 level and significantly above the previous peak of 259,000 tons in 1958. During the first 10 months of 1961 shipments to the USSR were being made at an annual rate of about 320,000 tons, but this rate may have increased in the last part of the year.

The stepped-up rate of Soviet imports in 1961 apparently was caused primarily by shortcomings in synthetic rubber production, with replacement of depleted inventories and stockpiles a likely contributing factor. Synthetic rubber production was scheduled to increase 33 percent in 1961, from an estimated 350,000 tons to 465,000 tons, but the absence of claims that this ambitious plan was met, plus evidence of delays in construction at several plants, suggests that the plan was underfulfilled substantially. In addition, tentative estimates indicate that inventories, which may have declined somewhat in 1960 when imports fell below 200,000 tons, may have been built up again in 1961. The Soviet decision to cut back on rubber imports in 1960 may have been due, at least in part, to the high market prices that prevailed for most of the year, but which dropped sharply in 1961. Substantial year-to-year fluctuations apparently occurred in the level of Soviet rubber inventories and stockpiles during the 1955-61 period, but there was little net change over the seven-year period. 1/

The reduction in Chinese imports, partially counterbalanced by cutbacks in re-exports to the USSR and the European Satellites, reflects the general retrenchment of the economy in 1961, a desire to reduce outlays of convertible currencies, and the reduced activity in the rubber fabricating industry. Purchases by the European Satellites showed little change in 1961 although output of rubber products is known to have risen. Increased production of synthetic rubber in Poland, from 20,000 metric tons in 1960 to 31,000 tons in 1961, probably was a contributing factor in the decline in Polish imports from 39,000 to an estimated 37,000 long tons.

Recent press articles on Bloc rubber buying stated that the USSR is now the world's largest single "user" of natural rubber. 2/ This does not appear to be true yet, although US consumption is falling and Soviet consumption is rising. Soviet consumption of natural rubber is believed to have at least doubled between 1955 and 1961, while US consumption declined about one-third. Soviet consumption, however, is still well below US consumption.

Soviet imports of natural rubber are expected to continue at least through 1965, probably with fluctuations in the level of purchases throughout this period as new capacities for synthetic rubber go into operation. Average annual imports of natural rubber by the USSR probably will be 150,000 tons or more. Substantial additional quantities will be purchased by Communist China and the European Satellites.

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Sino-Soviet Bloc Imports of Natural Rubber  
1960 and 1961 3/

Thousand metric tons		
	<u>1960</u>	<u>1961</u> (est)
TOTAL	416.2	498.1
USSR	174.2 <u>a/</u>	323.8 <u>b/</u>
Communist China	136.0	70.8 <u>b/</u>
European Satellites	106.0	103.5 <u>c/</u>
Bulgaria	3.4	2.7
Czechoslovakia	47.8	43.3
Hungary	8.1	11.3
Poland	39.8	37.3
Rumania	6.9	8.9

a/ Official Soviet statistics give imports of natural rubber as 191 thousand metric tons. The estimates given here may not adequately reflect re-exports of rubber by Communist China to the USSR and to the European Satellites; and re-exports from the USSR to the European Satellites.

b/ Estimated on the basis of shipments for the first 10 months of 1961.

c/ Estimated on the basis of shipments for the first 9 months of 1961.

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Analysts:

Sources:

1. CIA. The Synthetic Rubber Industry in the USSR During the Seven-Year Plan, 1959-65, Dec 61. U.
2. Journal of Commerce, 6 Feb 62 and 15 Feb 62. U.
3. Secretariat of the International Rubber Study Group, London. Rubber Statistical Bulletin, Dec 61. U.